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SERVICE SECTOR INDICATORS

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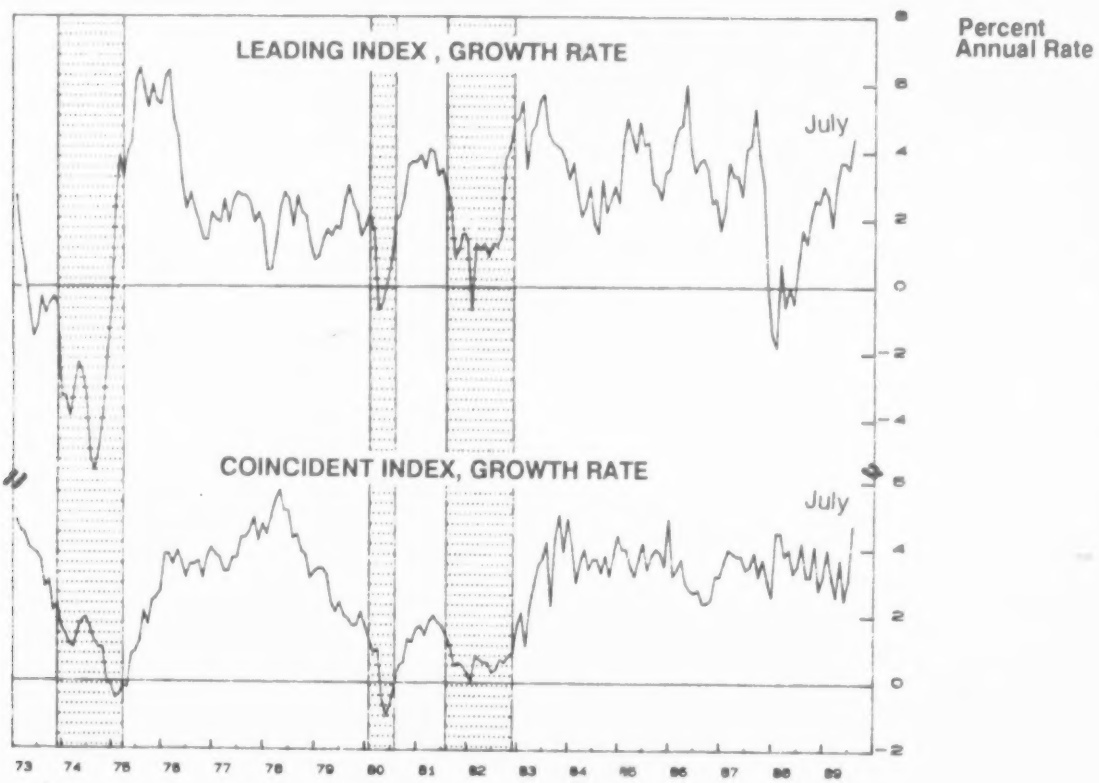
SERVICES GROWTH LIKELY TO CONTINUE

The leading index of service sector activity rose again in July, while its annualized growth rate climbed further, to 4.4%. The index was propelled upward by rises in stock prices and the average workweek in the service sector, which overwhelmed the effects of falls in construction contracts for commercial buildings and profit margins in the service sector.

The coincident index of service sector activity also rose strongly in July, pushing its annualized growth rate to 4.7%. Rises in personal consumption expenditures, labor income and employee hours in services accounted for the rise.

In other words, the indicators foresee continued growth in the service sector in the months ahead.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1988:						
Jan.	147.2r	-1.8	32.84	739	82.3	111.7r
Feb.	149.3r	0.7r	32.98	907	86.0	113.5r
Mar.	148.4r	-0.6	32.69	825	87.5	113.4r
Apr.	149.0r	0.0r	32.93	805	85.3	112.6r
May	148.6r	-0.5	32.78	812	83.0	112.8r
June	149.7r	0.7r	32.82	810	89.2	113.5r
July	150.5r	1.7	33.00	829	88.7	113.1
Aug.	150.2r	1.3	32.76	852	87.9	114.2
Sept.	150.8r	2.1	32.88	796	91.0	113.4
Oct.	151.2r	2.6	32.96	764	94.3	112.5
Nov.	151.2r	2.5	32.77	786	91.7	114.3
Dec.	151.9r	3.0	32.91	782	92.9	113.8
1989:						
Jan.	152.0r	2.7	32.95	839	95.2	111.6
Feb.	151.7r	1.8	32.75	658	98.7	113.0
Mar.	152.9r	3.0	32.81	746	98.5	114.6
Apr.	153.8r	3.7	33.07	707	102.5	113.1
May	154.2r	3.7	32.75r	797	108.0	114.8r
June	154.5r	3.5	32.76r	822	111.6	113.8r
July	155.7	4.4	33.09	764	116.5	112.5

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1988:						
Jan.	181.0r	4.5r	1844.4	1263.5	667.3	106.6
Feb.	181.6r	4.5r	1854.1	1264.7	666.2	107.6
Mar.	181.5r	3.8r	1856.9	1269.5	664.6	107.0
Apr.	182.2r	4.0r	1859.7	1269.1	668.5	108.1
May	182.1r	3.3r	1862.5	1270.8	667.0	107.8
June	182.8r	3.5	1868.6	1278.6	667.0	108.5
July	184.0r	4.2r	1874.7	1283.9	672.2	109.7
Aug.	183.7r	3.2	1880.8	1291.4	667.4	108.9
Sept.	184.2r	3.2	1886.1	1285.6	674.2	109.2
Oct.	185.6r	4.1	1891.4	1297.5	680.3	110.3
Nov.	184.9r	2.8	1896.7	1292.6	672.6	110.0
Dec.	185.8r	3.2r	1899.5	1295.5	678.5	110.8
1989:						
Jan.	187.2r	4.0	1902.3	1297.1	693.2	111.5
Feb.	187.0r	3.2	1905.1	1311.7	683.7	111.2
Mar.	186.8r	2.6	1910.3r	1311.2	679.9	111.2
Apr.	188.4r	3.7r	1915.5r	1316.7r	690.5	112.5
May	187.7r	2.5r	1920.7r	1322.3r	681.4r	111.5
June	188.8r	3.1r	---	1322.1r	691.1r	112.1r
July	190.9	4.7	---	1324.2	703.9	113.5

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.
r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.
4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adusted by CIBCR.
5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.
6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.
9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.
11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.
12. Bureau of Labor Statistics, all employees.